

The Washington Merry-Go-Round

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Illegal Contracts Raise Costs for HEW**By Jack Anderson**

The Pentagon is now getting competition from the Department of Health, Education and Welfare for the dubious distinction of being the government's champion spendthrift.

The latest evidence is a confidential, 48-page report on purchasing practices in the Social and Rehabilitation Service, the HEW bureau responsible for such vast programs as Welfare and Medicaid.

The study, prepared by a team of HEW investigators, covers a period of just over a year in which more than \$18 million in contracts was awarded to private firms by the bureau.

"Almost one half of SRS procurements still are placed on a noncompetitive basis," the investigators found. Furthermore, they concluded that more than a third of the justifications offered for making the awards without bids were "inadequate."

Most federal contracts up for grabs must be advertised in the Commerce Business Daily but the report says that "60 per cent of the contracts reviewed, which required publication, were not publicized in the Commerce Business Daily." Failure to do so is illegal.

Federal procurement regulations require that contracts which are not awarded by bid must be negotiated with the contractor after formal proposals are obtained from as

many eligible companies as possible.

The investigation disclosed, however, that "SRS neglects to issue formal requests for proposals on noncompetitive procurements . . . Contract files contained no evidence that any meaningful negotiations were conducted."

And once the contracts are awarded, they are supposed to be strictly supervised. However, the report says: "Post-award administration of contracts is inadequate and limited to processing and payment of contractor's invoices and vouchers."

The investigators discovered one case where a contract was awarded to a consulting firm although its proposal was nearly \$100,000 more than that of another firm which was qualified to do the work.

"There is nothing in the file to justify" the selection, the report concludes.

Note: This document is only one of several which we have obtained dealing with slipshod, even illegal purchasing practices in HEW. We earlier reported on two confidential studies which showed widespread abuses throughout the department with the Office of Education being the chief offender.

Government Snooping

Sen. Sam Ervin's investigation into government snooping has produced some disturbing facts.

His latest discovery is that the Defense Department alone has accumulated 25 million life histories in the course of its security investigations. These are loaded with derogatory comments whispered into ears of eager gumshoes.

The Civil Service Commission keeps in its files several more million dossiers on people who have filed for federal jobs. Even the Federal Housing Administration receives confidential reports on the marital stability of prospective home buyers.

For reasons never explained, the State Department's passport office keeps a special record of passport applicants who have been married more than twice. The General Services Administration maintains a blacklist of businessmen who are considered poor risks.

And of course, the FBI is constantly checking into the backgrounds of persons for one reason or another. It has in its files an estimated 180 million fingerprints, not to mention dossiers on tens of thousands of suspected security risks and crooks. It's no secret that the FBI keeps files on controversial figures suspected of nothing more incriminating than speaking their own mind.

All the dirt that government gumshoes pick up on people is swept into dossiers which are freely exchanged between federal offices. This gives an

alarming number of government employees access to derogatory information about fellow citizens.

Sen. Ervin is also concerned about the increased use of Social Security numbers which could become the common key to link all the promiscuous, inaccurate and incomplete information about nearly all Americans.

Washington Whirl

AIRLIFT — The federal government picked up the flight tab the other day for top state National Guard generals and their wives attending a non-official pow-wow in Santa Fe. The brass hats and their ladies not only flew for free, but they used at least 45 National Guard planes for the trip. The occasion was the convention of the National Adjutants General Association, a private, non-governmental group. Estimated travel costs: \$225,000.

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Cuba Cuts Smokes

Reuter

HAVANA, May 27—Tobacco rations for every citizen over 17 will be cut by half from Tuesday, it was announced on television here last night. The new ration will be four packs a month. Low production because of drought was given as the reason.